

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 537
Economic Matters

(Delegate Anderson, *et al.*)

Public Service Commission - Taxicab Services - Contract With Baltimore City
Board of School Commissioners

This bill prohibits, in a contract between a taxicab business and the Baltimore City Board of School Commissioners, a taxicab business from charging more than 5% as an administrative rate for the transport of a passenger who is a student. The bill applies only prospectively and may not be applied or interpreted to have any effect on or application to any contracts existing before the bill's October 1, 2015 effective date.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City expenditures may decrease by up to \$300,000 annually to the extent that future contracts with taxicab businesses include a lower administrative rate. However, while the bill prohibits an administrative rate of more than 5%, it does not preclude a higher rate for other services, which may partially or entirely offset potential savings. Revenues are not affected.

Small Business Effect: Meaningful for taxicab companies that are small businesses to the extent that they receive reduced fares for services provided under the bill.

Analysis

Current Law/Background: The Public Service Commission (PSC) generally regulates persons engaged in the public transportation of individuals for hire in vehicles such as cars, vans, limousines, and buses. PSC also regulates taxicabs in Baltimore City, Baltimore County, the City of Cumberland, and the City of Hagerstown. In general, passenger motor vehicles and taxicabs must have the appropriate permit, and the

individual driving the passenger motor vehicle or taxicab must have a for-hire driver's license. At the end of fiscal 2014, PSC regulated 1,473 taxicab permits held by more than 484 taxicab companies and 1,608 taxi drivers.

Taxicabs are subject to specified requirements for operation, fares, and rates. Taxicabs may only charge the rate of fare or charge established by law, which must be displayed in each taxicab, and must give a receipt of fares on request. A driver of a taxicab may not operate the taxicab recklessly, in an unsafe manner, or in disregard of the laws or municipal laws governing the operation of motor vehicles.

Preferential Rates

Except for specified exceptions, a public service company (including a common carrier, which includes a taxicab company), for any service rendered or commodity furnished, may not directly or indirectly, by any means, including special rates, rebates, drawbacks, or refunds:

- charge, demand, or receive from a person compensation that is greater or less than from any other person under substantially similar circumstances;
- extend a privilege or facility to a person, except those privileges and facilities that are extended uniformly to all persons under substantially similar circumstances;
- discriminate against a person, locality, or particular class of service; or
- give undue or unreasonable preference to or cause undue or unreasonable prejudice to a person, locality, or particular class of service.

For common carriers, exceptions include to transport (1) children younger than age 5 for no charge; (2) children younger than age 12 for half fare; (3) indigent, destitute, and homeless individuals; and (4) persons at free or reduced rates that are otherwise authorized by law.

Taxicab Services for Students

The Maryland State Department of Education advises that students are transported by taxicab for a variety of reasons. For example, a student who is homeless may be transported by taxicab so as to allow the student to have some consistency and permanency in the school that the student attends. Students in special education or students who are disabled might be transported by taxicab because it is deemed more cost effective than sending a larger school bus or van.

Baltimore City indicates that the current contractual administrative rate between the Baltimore City Board of School Commissioners and taxicab businesses for the
HB 537/ Page 2

transportation of students is 11.5%, and the board indicates that, in fiscal 2014, it had contracts with five taxicab companies totaling \$4.6 million for these services. Therefore, the difference in the administrative cost at the current 11.5% versus the 5% specified in the bill is approximately \$300,000.

Additional Information

Prior Introductions: None.

Cross File: SB 112 (Senator McFadden) - Finance.

Information Source(s): Baltimore City, Baltimore City Board of School Commissioners, Maryland State Department of Education, Public Service Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2015
ncs/lgc

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510